



Policy Number 2
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Financial Management Policy

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1. Financial Management Policy Statement

The Ontario Land Trust Alliance (OLTA) will conduct transactions in compliance with Canadian Land Trust Standards and Practices, Canada Revenue Agency Guidance and complete all charity accounting and reporting requirements, including preparing annual financial statements in accordance with Canadian Generally Accepted Accounting Principles (GAAP). The basic principles and requirements of these standards and practices will include:

- Sources and uses of funds are segregated in accordance with any restrictions imposed on their use.
- Revenues are reported as earned when goods or services are provided. Expenditures are reported when goods or services are received.
- Deferred revenues occur when funds have been received but goods or services have not been provided.
- Accrued revenue occurs when goods and services have been approved or provided, but the payment has not been received. In order for accrued revenue to be recorded, collectability of the revenue source must be reasonably certain and verifiable.
- Accrued expenditures occur when good or services are received in an accounting period and payment has not been made.
- Financial policies, principles, budget controls, guidelines, purchasing limits and procedures shall be approved by the Board.
- Defined authorities and financial duties may be assigned to specified Directors and to specified staff only by the Board of Directors and in accordance with the By-laws of the corporation.

All amounts presented herewith are denominated in Canadian Dollars unless it is otherwise stated.

2. Internal Accounting Controls

Internal accounting control is a series of policies and procedures designed to promote and protect sound management practices, both general and financial. Following internal control procedures will significantly increase the likelihood that financial information is reliable, so that Employees and the Board can depend on accurate information to:

- Ensure accuracy, timeliness, and reliability in accounting data, record keeping and the reporting of financial transactions;
- Ensure financial and program decisions are made by OLTA with due diligence in exercising its fiduciary care;
- Ensure that assets and records of the organization are not lost, stolen, misused, or accidentally destroyed; and

- Ensure that OLTA approved policies and procedures are followed and all charity, legal and government regulations are met.

A) Segregation of Duties

OLTA has adopted a policy to segregate duties to ensure that no single Employee will have the ability to both initiate and approve financial transactions either in electronic or paper form. Regardless of duties that have been properly assigned, Employees are not authorized to certify/approve vouchers or payments, which include their own name as payee or another conflict of interest.

If you perform any of these roles:	You cannot perform these tasks:
Payroll Entry	Timesheet Approval Payroll Approval or Audit Approval of Salary/Wage Increases
Accounts Receivable or Payable Processing	
Bank Reconciliations	Receive Cash or Donations
Purchase of Goods or Services	Approve Payments or Sign Cheques

On a regular basis, Employee responsibilities will be reviewed to ensure that the segregation of duties is maintained and tasks will be transferred as required to resolve any substantial conflicts. Each person that is involved in the above roles is responsible for knowing the conflicting roles and duties and helping to ensure that segregation is maintained by promptly identifying conflicts.

The following Employees have specific roles and responsibilities in the financial management of the organization as generally determined at the time of writing of this financial policy. Subject to GAAP and segregation of duties, the Executive Director and Treasurer may transfer tasks among staff to balance work, change duties or resolve conflicts as long as all functions are carried out.

Administrative Officer (e.g. Member Services Coordinator):

- Issues timely invoices as may be required
- Collects and opens mail and receives payment for goods and services rendered by the organization
- Prepares and makes bank deposits of expected receipts on account of pledged donations and contributions
- Enters financial transactions into OLTA accounts (e.g., QuickBooks or other approved accounting system)
- Prepares charitable tax receipts for all donations and contributions
- Prepares cheques for signature
- Maintains the supply of cheques
- Prepares quarterly cash flow forecast

Financial Officer (e.g. Bookkeeper):

- Enters financial transactions into OLTA accounts (e.g., QuickBooks or other approved accounting system)
- Prepares quarterly and year-end statements
- Reports to the Executive Director and the Treasurer and sends reports to them and to the Administrative officer
- Prepares monthly bank reconciliation
- Manages all HST reporting and compliance
- Does NOT sign cheques or receive monies

Auditor:

- Reviews all statements and schedules prepared by the Financial Officer and reviewed by Executive Director
- Presents the audit results to the Treasurer for review
- Prepares the Draft Audited Statements for the Board to review and approve prior to the AGM
- Prepares the CRA tax return which is reviewed and signed by the Executive Director and by the Treasurer or by the Treasurer and other Officer in the absence of Executive Director

Executive Director:

- Approves payroll and notifies the Financial Officer of any changes
- Approves invoices/expense claims/requests for payment before they are processed for payment by Administrative Officer for accounting
- Designates account, project, and funder code allocations for all OLTA revenues and expenses
- Signs cheques (one of two required signatures)
- Prepares annual budgets for each year in concert with the Treasurer using historical experiences and future strategic plans
- Recommends salary/wage increases for staff and service providers to the Treasurer and the Board for approval
- Recommends audit and financial reports to the Treasurer and Finance Committee and then to the Board for formal approvals
- Ensures compliance with approved operating budget
- Advises Board on financial issues and proposed action
- When the organization has an Executive Director, this individual may sign all cheques under \$10,000. Cheques of \$10,000 or more will require the signatures of two Governors of the corporation.

B) Delegation of Authority

An accountability structure is in place that adheres to the following principles:

- Accountability cannot be delegated – work can be assigned
- A person cannot delegate responsibility they do not possess

- Responsibilities and tasks shall only be delegated to people who are qualified and trained to perform them under prescribed terms
- A qualified person must be actively involved in the tasks performed, have the appropriate knowledge and technical skills to perform those tasks, and have the proper delegated authority to carry out the tasks.

3. Audit Policy

Annually, OLTA will ensure that an independent financial audit of the Organization's financial statements is performed.

- An audit is a mark of responsibility and good financial stewardship.
- An audit builds trust and confidence of OLTA with donors and funders.
- An audit sets habits of fiscal responsibility to assure that, even with turnover in personnel, there will be continuity in accountability.
- An audit helps protect the Board and Executive Director, Administrative Officer, and Financial Officer and other Staff from unwarranted risks, charges and/or accusations of careless or improper handling of funds.
- The report of the Auditor will be fully examined by the Board.

The OLTA Finance Committee in consultation with the Executive Director and Treasurer (and in dialogue with the Administrative or Financial Officer as may be delegated) will oversee the audit process, including assessing and reviewing comments from the Auditor on financial controls and procedures.

At the discretion of the Executive Director, Treasurer and Finance Committee, more detailed compliance audits with respect to donor collections, financial risk management or other specific areas may be sub contracted through qualified professionals as a financial audit may not fully cover all concerns.

A) External Auditor Services

Audit services from a Chartered Professional Accountant (CPA) that is licensed to practice public accounting will be selected through a request for proposal (RFP) process every five years, or as recommended by the Finance Committee. The independent Auditor shall be accountable to the Finance Committee and the Board of Directors in accord with specific contractual obligations.

As delegated by the Board, the Finance Committee shall have the authority to engage and terminate the independent Auditor, to review with the independent Auditor the nature and scope of any disclosed relationships or professional services including all audit engagement fees and terms, and to promptly direct, or recommend that the Board of Directors take, appropriate action to ensure the continuing reporting independence of the Auditor.

B) The Engagement Letter

The Finance Committee will review the draft of the audit engagement letter before it is signed to ensure it covers matters important to management. The Board Chair and Treasurer or Executive Director will sign the engagement letter before any work with the External Auditor begins.

C) The Management Letter

The Finance Committee and Executive Director will discuss the CPA management letter with representatives of the CPA firm and direct staff as to the appropriate action required to correct any deficiencies identified in the document.

4. Budget Process

It is the policy of the OLTA to prepare an annual budget outlining expenditure priorities in relation to the estimated revenues available from all sources for the upcoming fiscal year.

The following basic principles guide the development and management of the annual budget:

- OLTA strategic plans, funding and program goals are the key factors steering the preparation of the Organization's annual budget.
- The annual budget is linked to planned outcomes and is in alignment with available resources and will support the OLTA mission, delivery of priorities and services, charity administration and fundraising.
- The budget will contain realistic projections of revenue & expenses.
- The annual budget will be comprised of separate budgets for each program/service as well as general operations/administration.
- Budget management will comply with all Board approvals.
- OLTA expenditures will not exceed its funding capacity.

A) Timelines

Budget preparation for a given fiscal year (July 1st to June 30th) will commence not later than May 1st of the preceding year under a schedule of Board review, with approval recommended by the Treasurer & Finance Committee.

B) Roles & Responsibilities

The Executive Director in concert with Program Managers, Committee Chairs, Administrative Staff and Finance Officer will draft an annual operating budget for presentation to the Finance Committee in May. The Finance Committee will review and make recommendations to the Executive Director and Treasurer. The proposed budget will be presented to the Board of Directors for approval not later than the end of the previous fiscal year.

C) Monitoring

The Executive Director, in concert with the Committee Chairs and Program Managers will be responsible for monitoring and reporting on work plan progress and results to the Board of Directors. On a quarterly basis, the Executive Director, Treasurer and Finance Committee will review the quarterly operating results compared to the year to date budget.

5. Financial Reporting & Information Returns

A) Federal Returns

In accord with Canada Revenue Agency requirements, a completed T3010 Registered Charity Information Return, T1235 Directors and Officials Worksheet, and T1236 Qualified Donees Worksheet (if applicable) will be prepared and submitted within six months of the fiscal year end.

The Auditors prepare the T3010 at the time of the annual audit. The Executive Director, Treasurer and Finance Committee approve the completed forms and provide these to the OLTA Board of Governors for formal approval as part of the annual reporting and submission process.

B) Audited Financial Statements

OLTA will ensure that annual financial statements are prepared using GAAP and Canada Revenue Agency (CRA) guidance.

An annual summary of expenses and revenues will be made available to the public after the Annual General Meeting (AGM).

C) Finance Committee

The following quarterly financial reports will be completed and presented to the Treasurer and presented quarterly to the Board:

- Summarized Treasurer's Report
- Balance Sheet for the organization
- Income and expense statement for the organization
- Budget vs. Actuals to date on a monthly and year-to-date basis
- Monthly changes to financial position (cash flows)
- Project cash flow statements for the following three months.

D) Board of Directors

Quarterly financial reports including the Treasurer's Report, Balance Sheet, Income and Expense Statement for the organization and by program comparing the approved budget to actuals, and cash flow projections will be provided electronically to Board Members one week prior to each Meeting of the Board to allow time for review and questions with due diligence.

The Finance Committee will ensure that financial reports are complete and assist the Treasurer with presentation to other members of the Board. The Treasurer presents financial statements to the Board for approval.

E) Program Reporting

Financial information will be provided to the Executive Committee, Committee Chairs and Program Managers as may be requested.

6. Donated Goods and Services

All donated goods and services will be recorded in the OLTA financial records and, where appropriate, capital assets will be recorded at fair market value as can be reasonably estimated. The value shall not exceed the value at which the organization could have purchased those materials and services. The nature and amount of the donated capital assets should be disclosed. For clarity, if the fair market value of the donated goods and services exceeds the value of the consideration given, the excess will be recorded as excess contribution in the capital section of the balance sheet.

In accord with grant approval requirements, the Executive Director or designate will request the partner agency to send their valuation of the goods or services being donated in writing from the partner agency's designated officers.

7. Banking

OLTA bank account(s) can only be used for legitimate and allowable revenue and expense activities within policies of the Organization.

OLTA may elect to place portions of its banking services requirements and its investments with more than one of the appropriate banking institutions if it is determined to be in the best interest of the organization. In order to minimize risk, OLTA will use only federally insured banking and saving institutions in accordance with OLTA Investments Policy.

Cheque requisitions forwarded to the OLTA Office must be approved by the Executive Director and be fully completed, including item description, GL and project allocation, quantity, price and copies of receipts for each item.

A) Authority to Provide Instructions to the Bank

Proposals for new or changes to existing bank accounts must be approved by the Board of Directors. All accounts established will only be with a Canadian Chartered Bank in standard accounts insured by the CDIC (Canadian Deposit Insurance Corporation).

The Treasurer or Executive Director will have the responsibility for providing instructions and signing officers to the bank.

B) Authority to Obtain Corporate Credit / Debit Cards

Board approval is required for the issue of all credit and debit cards held by authorized officers and staff in the name of the OLTA.

Credit cards may be issued only with a limit of \$2,000 for each card. Policies and procedures for expenditure approvals also apply to credit cards.

C) Signatures

The Board Chair, Vice-Chair, Treasurer or Secretary and Executive Director may be designated by the Board of Directors as signatories for its bank accounts. Two authorized signatures one of which is a Board signature are required on all the OLTA bank transactions – cheques, documents, transfers and withdrawals. Cheques of \$10,000 or more require the signature of two Governors.

All expenses with only specific exceptions allowed by the Executive Director or Treasurer shall be paid by cheque. Recurring operating expenses may be settled by electronic banking with the approval of the Executive Director provided the Treasurer has documented the use of electronic banking for settlement of such invoices. This documentation may need to be updated at least once a year at the time of budget approval. Further, the use of e-banking needs to be reported to the Treasurer monthly when reporting on the financial statements.

D) Deposits

All money received by or on behalf of the OLTA shall be deposited within a reasonable period of time (unless cheque is post-dated) of being received in the name of the organization in Board approved bank account(s) only.

All cheques, cash, etc. will be stored in a fire-proof safe, which is kept in a locked filing cabinet managed by the Executive Director or such designated staff e.g. the Administrative Officer until these funds are deposited in the bank.

E) Reconciliations

Bank reconciliations will be prepared, balanced and approved quarterly. The Board may request other reconciliations.

F) Cash Flow

A minimum amount equivalent to 3 month's payroll and benefits, program commitments, overhead expenses, plus approximately \$10,000 will be maintained in the OLTA bank account(s).

Should OLTA bank balances fall below the minimum, the Executive Director and Treasurer will be advised promptly.

8. Purchasing Policy

A) Goals and Objectives

- To ensure service and product delivery, quality, cost efficiency and transaction effectiveness.
- To encourage fair competition among suppliers.
- To ensure fairness among bidders and sources.
- To avoid economic waste or duplication with respect to acquisition of OLTA goods and services.
- To ensure compliance with financial policies, administrative practices and budgets by Employees and Board Members.
- To follow good business practices and protect the financial interests of OLTA while satisfying the public need and scrutiny for openness, efficiency, due diligence, accountability and transparency.

B) Policy Restrictions

No contract for goods, services, construction or production may be divided into two or more parts to avoid application of this financial policy.

An Employee or Board Member who is involved in the award of a contract must declare and respect any direct or indirect conflict of interest including situations where the Employee/Board Member's spouse, partner, or family member is a shareholder in, or a Director, Officer, or Employee of a corporation, association, or partnership that has a conflict of interest in the Contract.

C) Board Approval and Delegation

The following purchasing limits will apply throughout the whole of the OLTA corporation. Management are authorized to approve purchases within the limits and procedures outlined as follows, provided the expense is within the budget and is according to the particular line item in the budget as approved by the Board and in their area of authority as outlined in their job description.

The delegation of authority does not remove the accountability for obtaining Board approval as may be required within this policy. All requests for purchases must be documented and must include taxes, delivery costs, etc.

As follows, all commitments over \$5,000 must be approved by the Treasurer and the Board or its Executive. All purchases of budgeted items under \$5,000 must be approved in writing by the Executive Director. Non-budgeted items under \$5,000 require approval of the Treasurer and the Executive Director.

The Executive Director must ensure that:

- The funds are available in the approved current budget year
- The necessary quotations have been received and recorded
- The goods and services are received and are satisfactory
- All packing slips and invoices are correct and forwarded promptly to the Administrative Officer for reimbursement and record keeping
- Any variances in the order or invoice price are noted and approved.

For new annual service or consultant contracts other than staff contracts that exceed \$5,000.00 per year, an annual review of the contract is required by the Executive Director and three quotations for services must be obtained to ensure that OLTA is receiving value for its money. For the renewal of an existing annual service or consultant contract, three quotations are not required unless such are requested by the Board, Chair, Treasurer or Executive Director to ensure there is continued fair value and competitive pricing.

The following items do not require the Treasurer's approval:

- Purchases of less than \$1,000
- Specific payments related to approved payroll and employment benefits, membership dues and subscriptions, mileage, postage and other similar expenditures
- Recurring charges for utility or tax, insurance and auditor where they are part of approved budgets, i.e. rent, phone or internet.

D) Purchases Not Exceeding \$1,000

Written or verbal quotes are not required but staff must always endeavour to obtain good value and ask for services or products to be provided in-kind or at a rebate, wherever possible. If the item is budgeted, the Executive Director may authorize it and a record of the transaction is to be recorded. If the item is not budgeted, approval of the Treasurer is required.

Purchases not exceeding \$1,000 shall be made using an approved invoice, order, cheque, or purchasing card. The Executive Director and Treasurer may delegate this authority to the Administrative Officer. Refer to the Banking section for additional information regarding payment or settlement using e-banking for approved purchases less than \$1,000. Petty cash for small purchases such as TTC tokens, milk, coffee, stamps is allowed.

E) Purchases between \$1,001 and \$5,000

Goods:

Written approval of the Executive Director is required for purchasing goods from \$1,001 to \$5,000. At the discretion of the Executive Director, a minimum of three quotes should be obtained and recorded. If these quotes cannot be obtained the reasons must be documented. Reasons for accepting other than the lowest

quote must be documented and retained on file. Quotations and expenses are to be authorized by the Executive Director. It is OLTA policy to have defensible, objective criteria for winning bids and to specify who developed the criteria when three quotes were collected for such purchases of goods.

Purchases of goods \$1,001 and \$5,000 shall be made using an approved cheque, or purchasing card.

Services:

Purchase of services between \$1,001 and less than \$5,000 may be approved by the Executive Director according to line items in the OLTA budget, i.e. ecological reports, legal agreements, member programs, technical surveys, educational services, consultant advice, program evaluations, grant administration, etc. If an item is not budgeted, it must be approved by the Treasurer.

The Executive Director must initial or sign off that reports or results are received for services rendered. Cheques will be generally issued within 30 days of when documents or deliverables are received at the OLTA office and have been duly authorized by the Executive Director or Treasurer.

F) Purchases of \$5,001 and above

For purchases of goods and services over \$5,000 there must be three (3) written quotes obtained and recorded. If three written quotes cannot be obtained the reason must be recorded. Reasons for accepting other than the lowest quotation must be documented and retained on file. The invoice must be signed by the Treasurer and approved by the Board or Executive as delegated.

Purchases over \$5,001 shall be made using a written Request for Quotation and be jointly approved by the Executive Director and Treasurer. Cheques of \$10,000 or more require signatures of two Governors of the corporation.

Purchases over \$25,001 are subject to a formal call for tenders or proposals and a minimum of three comparative quotes or prices are required. Purchasing that is not competitive or unbudgeted will require a Board decision.

G) Capital Purchases

Guidelines for capital purchases and minimum amounts to be recorded in the OLTA accounts shall be defined and approved by the Board and the Finance Committee. GAAP shall also dictate how this appears in the OLTA's books and records (e.g. amortization).

H) Urgent Purchases without Budgetary Approval

Where an urgency exists to purchase goods or services and funds are not within the approved OLTA budget, the Executive Director shall consult the Chair and

Treasurer and obtain an emergency approval up to \$25,000 or be instructed to obtain an electronic vote approval of the Board to approve the purchase and subject to the availability of new or other sources of project funding.

If the purchase amount exceeds \$25,000, the request will be forwarded to the Treasurer for recommendation and formal approval by the Board.

9. Expense Policy

Employees and Board Members will be reimbursed costs for the items listed below where approval has been granted to attend the function and an amount has been allocated in the current budget to provide for the associated costs.

A) Transportation

Depending on budget and time, expenses may include:

- out of pocket transportation costs
- approved mileage rates for personal automobile usage, tolls, and parking where required
- rented automobile actual costs including gas, tolls, and parking where such is required.

Every effort should be made to share travel costs where more than one person is travelling to the same destination. If a person chooses a more expensive means of transportation, only the most economical equivalent charges will be reimbursed. Mileage is to be tracked from the Employee's home or the OLTA Office location, whichever is the lesser distance.

Where an automobile is used jointly, only one person may claim the mileage. Passengers in the automobile may not claim mileage or cost of equivalent public transportation. Parking fines and traffic fines are not allowable expenses.

Mileage for the use of a personal automobile for travel is reimbursed at a standard rate that is approved by the OLTA Board from time to time.

Mileage claims must include the date, destination, number of kilometers and purpose for each trip. Mileage claims should be submitted quarterly at a minimum. Contractors should submit amounts monthly.

B) Accommodation

Where overnight accommodation is required, original receipts must accompany the reimbursement request. Credit card slips are not receipts.

In all cases, reimbursement for hotels, motels, and other lodging will be limited to reasonable amounts in the particular circumstance and normally will not exceed the single occupancy rate.

When accommodation is provided without charge by a friend or relative, a gift of appreciation other than cash to the host may be appropriate. The maximum value of such a gift should not exceed \$25 per day of accommodation and a purchase receipt for the gift is filed with the Expense Report.

C) Daily Expense Allowance

Up to \$75.00 per diem will be paid to Employees while attending an authorized and approved conference, convention, seminar, meeting, or training program of more than one day (24 hours) unless accommodation and food services are provided by the venue.

This allowance covers daily expenses such as meals, business incidentals, phone calls, tips etc. Receipts or, in the case where receipts are not issued, a detailed description of the expenses are/is required for reimbursement.

The breakdown of these amounts is as follows:

	Maximum Allowed
Breakfast	\$ 15.00
Lunch	\$ 15.00
Dinner	\$ 30.00
Incidental	\$ 15.00

Where all meals and/or accommodation are included in the registration fee, the per diem rate is not applicable and other "out-of-pocket" expenses are to be claimed as Other Expenses within reasonable limits.

The daily rate allowance is to be calculated on a 24-hours basis and not a working day basis. It shall be paid from the time of departure for the function until the time of return home, to the nearest half-day.

D) Meals

For travel of duration less than 24 hours, the per diem rate is not applicable and allowable meal expenses are limited to above chart. Employees are encouraged to supply their own meals where possible and appropriate.

E) Meetings

Some expenses may be incurred while meeting with or entertaining potential funders, donors and project partners as part of professional business activity. In such cases, a "reasonable expense" (deemed to be based on sound judgment and moderation) is deemed permissible within this policy.

F) Other Expenses

Expenses incurred that are not classified above may be reimbursed when substantiated by appropriate receipts and subject to approval.

G) Monetary Exchange Costs

If travel outside Canada is required, exchange costs will be allowed at the prevailing rates to convert Canadian dollars to other currencies.

H) Advances

Advances for costs related to OLTA business are available upon approval from the Executive Director. Upon payment of claimed expenses, the full amount will be deducted from the expense reimbursement.

I) Expense Claim Procedure

All expenses will be submitted monthly to the Executive Director or designated staff on appropriate forms with required receipts.

10. Insurance

Insurance coverage is maintained to protect OLTA (Board Members, Employees and Volunteers) and its assets against claims arising from business activities or natural occurrences such as property damage, personal injury, etc.

OLTA maintains the following insurance policies, which are reviewed by the Treasurer, Executive Director and Board for annual renewals:

- General Liability Insurance (Includes Risk Insurance Coverage for Personnel, Equipment, Property and Office Facilities)
- General Liability Insurance addresses claims arising out of third party bodily injury, property damage. It generally provides limited coverage to Directors, Staff, Officers and Volunteers.
- Directors' and Officers' Liability Insurance.

Director and Officer Liability typically protect against claims arising out of Board decisions or omissions, or out of actions or activities that are performed directly or indirectly under the auspices of the Board or Directors.

Periodically, the Board of Governors will cause a review of existing insurers and their policies. Only policies from insurers that are reasonable and reputable will be accepted to ensure that OLTA interests are protected.

11. Cash Handling Policy

Cash, credit card payments and cheques are sometimes received by Staff on behalf of the OLTA. This policy outlines the processes to ensure that all cash

proceeds are safeguarded, deposited, and reflected properly in the OLTA books of account and other corporate records.

A) Safeguarding Cash and Cheques

Upon receipt all cheques received will be stamped with the OLTA account. All cash and cheques will be kept in a secure location until deposited. OLTA keeps a locked fire-proof safe inside a locked filing cabinet for the storage of cash and cheques. All revenues are deposited as soon as or received or within 10 business days. Credit card payments will be processed within 10 business days.

B) Receipting

All cash and cheques or invoices to be paid will be supported with their receipts/invoices which will include a description of the product/service, date, amount (numbered and written out), and authorized signature. The original copy of receipt will accompany the cash or cheques and submitted to the Financial Officer for processing. A duplicate copy of the receipt will be provided to the client/customer. Donors receive the original receipt. The Executive Director may choose to send an e-signed receipt to donors along with an executed thank-you letter as may be appropriate.

12. Chart of Accounts and Directories

Any alterations to the following accounting directories require the approval of the Executive Director and the Financial Officer. The Treasurer, Finance Committee and/or Board of Directors may be consulted, as appropriate depending on the nature and extent of any substantial changes:

- Budgets
- Chart of Accounts
- Program/Project
- Funder
- Customer
- Employee
- Items
- Vendor.

13. Accounts Receivable Policy

In accordance with GAAP, all charges for applicable external sales of products, services, and for grants and revenues for which consideration was not paid, shall be recorded as receivable. Charges may consist of, but are not limited to:

- Speaking honorariums
- Dues for approved memberships
- Fees for workshops and training
- Property rental and fees for services

- Publications and business references
- Product and service charges to clients
- Advances to employees for expenses
- Donations, Grants, Pledges and Sponsorships.

A) Products and services for clients and partners

Fees will be set for products and services provided to OLTA clients by the Executive Director and each Program Manager. As required, the Program Manager will provide a list of products and services to be invoiced.

Annual Fees for OLTA Members and Associates will be based on a fee schedule that reflects the variable financial capacity of the OLTA membership and the member services from OLTA and that is recommended annually by the Executive Director for review and approval of the OLTA Board of Governors.

B) Employee Advances

Any advances for employee expenses will be recovered at the time the employee's expense claim is processed.

C) Grants and Donations

Any money or goods received by OLTA from foundations, corporations, governments or individuals shall be used solely for the purpose intended in the original funding request, unless permission is given by the grantor to use it for other purposes and so approved by the Treasurer and Board.

Once a schedule of payments associated with a successful grant or donation is received, all payments will be entered as receivable as they become due and such funds shall be used only for the purposes as approved.

D) Notices and Collection

All receivables not associated with grants and donations are due within 45 days of issuing an invoice. Monthly accounts receivable reminder notices are to be mailed out the last week of the month to all non-grant customers with balances and times outstanding that are greater than 45 days.

E) Non-Sufficient Funds

In addition to potential late fees, a \$25.00 service charge may be assessed on each NSF cheque returned to OLTA.

F) Application of Payments

All payments received on account are applied first to interest/fees owing and then to the oldest accounts receivable unless the payer specifically designates to which accounts receivable the payment is to be applied.

G) Write Offs

Outstanding receivables will be written off, based on a determination that a particular receivable is uncollectable. A final review of outstanding receivables and write-offs will be completed before the end of each fiscal year.

In order to affect a write-off, it must be identified that the 'vendor' is bankrupt, in liquidation or is otherwise unable to pay.

Approval is required from the Board of Directors for any individual or combined write-offs totaling \$500 or more. The Executive Director shall review and approve all other write-offs under \$500.

Debts are written off under the following conditions:

- Where the debtor has moved address and cannot be located;
- When it is uneconomical to pursue recovery action due to the relatively small value of the debt and/or the potential costs of recovery;
- Where the debtor is bankrupt, in receivership or in liquidation. The debt is written off until such time as funds may become available; or
- Where legal proceedings through the courts have proved, or on legal advice, would prove unsuccessful or exceed debt recovery.

14. Alternate Revenue Sources

Alternate revenue generation opportunities will be considered, where possible and appropriate to the OLTA mission. Revenue sources may include:

- Workshop and educational seminars
- Policy and report writing services
- Speaking fees and honorariums
- Annual dues and memberships
- Sale of resource materials
- Consulting and professional fees
- Equipment and property rentals
- Cost recovery of supplies and materials
- Special events and fundraising campaigns
- Other mission-based projects and partnerships.

Funds raised will be allocated to the OLTA annual operating budget to assist in offsetting costs not covered by other revenues unless these funds are designated for a specific cause or program.

15. Accounts Payable Policy

To comply with GAAP and the Organization's internal policies, OLTA pays for goods and services only after acceptance by an authorized representative and

receipt of a proper invoice (the original vendor prepared bill must be submitted for payment) from the vendor. Electronic invoices are acceptable. Only those expenditures that are within appropriations, have the source documents, and are properly coded to the accounts of record will be processed.

A) Payment Processing

Duplicate (photocopies) of invoices or statements generally will not usually be accepted.

Unless stated otherwise, all invoices are generally paid within one month, unless there are questions on terms and conditions.

Processing of most cheques will take place within 30 days of receiving most invoices. Cheques will be mailed and delivered with related documentation within two to three days of being approved and signed.

B) Signatures

As per OLTA Bylaw and Section 7C of this Policy, two signatures of OLTA Signing Officers, are required on all Accounts Payable cheques. Two signatures are also required on legal contracts, documents and instruments in writing.

C) Refunds, Returns, Credits

Vendors may issue a refund cheque or accounts credit for rebates, returned goods, duplicate payments, or overpayments. Refunds and credits are processed and applied to the original transaction.

D) Voided Cheques

Cheques may be voided for processing errors. The cheque should be clearly marked as voided and included in the batch of cheques requiring signature. All voided cheques are to be retained in numerical order for audit purposes.

E) Stop Payments

Stop payment orders may be issued for cheques that are lost in the mail or for other valid reasons. Stop payment requests require the authorization of the Executive Director and recorded for audit purposes.

16. Payroll Policy

Payroll is handled by Pivotal in liaison with Financial Officer under direction of the Executive Director and/or Treasurer.

A) Wages and Salaries

Each position is classified into a salary range. Salary ranges and merit increases are reviewed bi-annually and adjusted as approved by the Board.

Salary increases must be authorized and documented by the Executive Director, Treasurer and OLTA Chair within the approved budget. For the Executive Director, salary increases must be recommended by the OLTA Chair and the Executive Committee and be approved by the Board of Governors.

No salary increases can be made without a formal authorization or without a proper annual performance plan and written appraisal that documents goals, results, feedback and expectations to support any salary changes.

B) Benefits and Deductions

OLTA is required by law to make certain mandatory deductions from Employee pay cheques. The standard payroll deductions withheld at present are Canada Pension Plan, Employment Insurance, and Income Tax.

Some employees may have additional deductions mandated by court such as child support, tax levies or student loans to which ORMLT is legally obliged. All requests for such deductions must come directly from Employees or be duly authorized on the letterhead of the requesting agency.

C) Advances

A payroll advance may be provided to Employees in a financial emergency. A financial emergency situation is an unusual, unpredictable or unavoidable condition that requires emergency financial resources by the Employee. All Payroll advances must be approved by the Executive Director.

Advances of no more than 50% of the Employee's gross pay can be requested and will be recouped on the next regularly scheduled payroll unless other arrangements approved by the Executive Director are made.

D) Separations and Terminations

Employees who leave the organization are entitled to:

- Approved and unpaid salary/wages.
- Unused and approved vacation time.

Depending on the circumstances regarding the termination/separation an Employee may also be entitled to the following:

- Applicable pay-in-lieu to notice of termination.
- Severance pay according to employment law.

In all situations, payments and the issuance of a Record of Employment will be made according to the Employment Standards Act.

E) Procedure

In order for payroll to be processed, the following information is required for each Employee:

- Employee full name
- Street and mailing address
- Date of birth
- Social insurance number
- Bank account (for direct deposit)
- Completed TD1.

The Executive Director provides the above to the Financial Officer for every new hire with the annual salary. The Financial Officer adds this person to our payroll with Pivotal.

The Executive Director provides any changes to the payroll to the Financial Officer prior to Pivotal's deadline for changes.

Time related to overtime, vacation leave, sick days, approved leave of absence or lieu time is recorded by the Administrative Officer.

F) Payroll Services Review

Periodically, the Executive Director and /or the Treasurer will review the payroll system to assess practical considerations on whether the OLTA payroll services should be handled in-house or by a service provider.

G) Payroll Accounting

The payroll is handled by Pivotal or such other service provider as approved by the Treasurer and the Board of Governors. The OLTA journal entry for payroll into QuickBooks is made by the Financial Officer.

17. Investment Policy

Surplus funds not immediately required for the anticipated cash requirements of OLTA operations shall be invested in secure and short term interest bearing guaranteed investment securities or in interest bearing savings or investment accounts offered by a Canadian Chartered Bank. Financial Assets and Dedicated Funds may be invested in this way on the authority of the Executive Director with the concurrence of the Treasurer and the Finance Committee.

New or proposed endowment funds or legacy bequests may require Board approval of programs for investment subject to conditions of donor approval, intent, scope and risk in fund acceptance and fund management.

18. Role of the Treasurer

The role of the Treasurer is defined in the OLTA Bylaws, duties assigned by the Board and the provisions of this financial management policy. The Treasurer is fully authorized to perform any of the functions and processes in this policy. The Treasurer is a signing officer. The Treasurer works closely with the Executive Director to ensure that financial standards and practices are carried out as defined in Board policy and charity law.

The Treasurer advises the Chair and Board on financial issues and recommended actions. The Treasurer may perform other financial duties and tasks as may be requested by the Chair and the Board.

19. Supplementary

The principles and practices set out in this Board organization policy may be supplemented with OLTA accounting manuals, forms, guidelines and financial templates made by the Executive Director, Treasurer and Finance Committee. These supplementary materials will assist the Board, Officers, Committees and Staff in implementing and interpreting financial policy.

OLTA undertakes administration and management of grant programs e.g. OLTAP under formal agreements with government agencies and other funders subject to generally accepted accounting practices (GAAP). Financial authorities, diligent reporting and financial management for these programs shall be in accord with the conditions of contracted agreements.

20. Interpretation

Interpretation of OLTA financial policy shall be at the general discretion of the Chair and Treasurer as may be required, and where appropriate or necessary, under question, such interpretation may be referred to the Board for a formal decision or ruling on policy interpretation.